

# BUDGET LETTER

<b>SUBJECT:</b> POSITION CONTROL	<b>NUMBER:</b> 20-16
<b>REFERENCES:</b> SAM 6506-6527 AND CONTROL SECTION 31.00, 2020 BUDGET ACT	<b>DATE ISSUED:</b> July 14, 2020
	<b>SUPERSEDES:</b> 19-16

TO: Agency Secretaries  
Department Directors  
Departmental Budget and Accounting Officers  
Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

**BUDGET OFFICERS ARE EXPECTED TO FORWARD A COPY OF THIS BUDGET LETTER TO DEPARTMENTAL PERSONNEL OFFICERS.**

This Budget Letter (BL) serves as a statewide reminder to departments regarding policies and processes related to position authority and provides updates on Control Section (Section) 31.00 changes. Additionally, the policies and processes outlined in this BL align with the relevant State Administrative Manual (SAM) sections.

Generally, adjustments to permanent authorized positions are required to be reviewed and approved through the normal budgetary and legislative processes. In addition to these standard processes, administrative tools exist to provide departments flexibility in managing the size and classifications of its workforce, including Section 31.00 and the Temporary Help Blanket (Blanket).

These processes are intended to balance department flexibility with an appropriate level of budget oversight and accountability. To ensure consistency in applying Section 31.00 and reclassifying positions, the Department of Finance notes:

- **Departments shall not reclassify positions above statutory thresholds set annually in Section 31.00—and cannot make appointments under any circumstances to those positions—before Finance approval has been received.**
- While Finance review of the reclassification request is pending, it is inappropriate to use the Blanket or other mechanism to temporarily reclassify the position.
- Inappropriate use of Section 31.00 or the Blanket may result in an audit, elimination of delegated authority, and/or other administrative/fiscal actions.
- Finance will review STD. 607 requests within 30 business days of receipt of a fully complete request, which includes all required supporting documentation. As such, STD. 607 submissions should be dated with an effective date of at least 30 business days after submission to Finance. For the occasional urgent personnel matter, please contact your Finance Principal Program Budget Analyst to discuss whether there are options for an expedited review.

## **Section 31.00 Process**

Section 31.00 of the annual Budget Act provides authority to administratively establish and reclassify positions within an existing appropriation, subject to specified criteria. **Administratively establishing positions is generally reserved for circumstances that mandate additional, previously-unanticipated current year workload.** These positions expire at the end of the fiscal year in which they are established, unless a request for permanent position authority and/or funding is approved for the following budget cycle. Provisions in Section 31.00 and guidelines in this BL apply to all departments.

### *Reclassifying Positions*

Through the normal personnel services cycle and/or as operational needs change, it is common for departments to reclassify existing authorized positions. Examples include promotions in place, upgrading or downgrading classifications, departmental reorganizations, etc. Under Section 31.00, **increased costs that result from reclassifying positions are to be absorbed within existing appropriation authority.**

- **The maximum salary threshold for which a reclassification requires Finance approval is \$11,258/month or above in the 2020 Budget Act, effective July 1, 2020. The salary threshold refers to the top of the salary range for either the classification being added or removed on the STD. 607, not the salary being paid at the time of the STD. 607.** The established threshold should provide departments with operational flexibility, while maintaining oversight of higher-level classifications.
- Reorganizations must be approved by Finance prior to submitting STD. 607s.
- Reclassification to or from a position classification with a maximum salary range of \$11,258 or above as well as the reclassification of any non-Career Executive Assignment (C.E.A.) classification to a C.E.A. classification must be approved by Finance prior to submitting the STD. 607 to the State Controller's Office (even if the position had been previously established at a higher level).
- Position reclassification requests requiring Finance approval must include all of the following supporting documentation. If position reclassification packages are incomplete, they will not be reviewed and will be returned to departments for resubmission. For incomplete submissions, the 30-business-day review period by Finance will not start until the complete package has been submitted.
  - The completed [STD. 607](#) form.
  - Written justification for the change.
  - Duty statements for the current and proposed position.
  - Current and revised organizational charts.
  - Identification of the adequate and appropriate funding source that will absorb the additional costs on an ongoing basis.
  - Any other supporting documentation relevant to the reclassification including, but not limited to, approved Budget Change Proposals (BCPs), Chaptered Legislation, approved regulations, etc.

### *Administratively Establishing Positions*

Circumstances may arise, outside of normal budget and legislative cycles, in which departments require additional personnel to meet critical and time sensitive workload demands. Some examples include the receipt of additional Federal Funds or chaptered legislation requiring additional positions to meet new workload. The need to administratively establish positions outside of the budget and legislative processes is not common and **is typically reserved for critical and immediate needs, with additional costs being absorbed within existing appropriation authority**. The process is as follows:

- A department must submit a STD. 607 form to Finance requesting to administratively establish positions, including any C.E.A. classification. At a minimum, all of the following should be included with the request, and **incomplete submissions will be returned**.
  - The completed [STD. 607](#) form.
  - Notification to the Joint Legislative Budget Committee, if applicable.
  - Written justification for the additional positions.
  - Duty statements for the proposed positions.
  - Current and revised organizational charts.
  - Identification of the adequate and appropriate funding source that will absorb the additional costs.
  - Any other supporting documentation relevant to the request including chaptered legislation, approved regulations, etc.
- Although administratively established positions do not require immediate legislative approval, departments are required to submit a BCP for ongoing resources in the next budget cycle for legislative review and approval. If a BCP is not submitted and approved, the position(s) will expire June 30 of the fiscal year in which they are established. Additionally, Finance must provide notification to the Joint Legislative Budget Committee within 30 days of the following actions:
  - Reestablishment of positions in the 2020-21 fiscal year that were administratively established after the 2020-21 Governor's Budget submission to the Legislature and subsequently reported to the Legislature prior to July 1, 2020. However, these positions must be shown in the 2021-22 Governor's Budget and cannot be positions deleted by the Legislature through the 2020-21 budget process.
  - Request to establish new positions in the 2021-22 fiscal year, and subsequently decide to administratively establish those positions in the 2020-21 fiscal year.

### **Temporary Help Blanket**

The Blanket is a budgetary tool that provides staffing flexibility to meet operational needs and allows departments to temporarily hire above the Total Authorized Positions as displayed in the Salaries and Wages Supplement (Schedule 7A). To the extent the department can absorb the additional personnel costs, the Blanket should be used for temporary and intermittent staff, with the intent that an employee needed on a permanent basis will be moved into an authorized position as soon as a vacancy becomes available or a permanent position is established through the budgetary process. In addition to hiring staff on a temporary basis, the Blanket may be used to fund other personnel-related expenditures such as:

- Employees on temporary or extended leaves of absence, sick leave, military leave, etc.
- Seasonal employees.
- Retaining an employee for training purposes. This may be necessary to ensure continuity of operations when an employee in a key role leaves a department.
- Payment to a separating employee for unused, accrued leave.

As part of the 2021-22 budget development process, departments may work with Finance Budget Analysts to analyze the use of the Blanket. **After discussions with and approval from your Finance Budget Analyst, departments with permanent positions in the Blanket may submit net-zero BCPs to establish authorized positions.** The BCP will increase a department's Regular/Ongoing Positions, but will not include additional expenditure authority for salaries and benefits. In addition to providing more transparency, converting positions in the Blanket to authorized positions will allow departments to receive accurate funding for employee compensation and retirement adjustments, which is not provided for positions in the Blanket.

Section 31.00 and the Blanket are tools intended to assist departments in managing operations. It is important that departments adhere to policies and procedures regarding the use of these tools. The Office of State Audits and Evaluations within the Department of Finance may audit departments with a large number of positions in the Blanket relative to the size of the department. Departments that are found to be misusing the Blanket could face elimination of delegated authority and/or other administrative/fiscal actions.

### **Questions**

Please direct questions to your Finance Budget Analyst.

/s/ Jennifer Whitaker

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Program Budget Manager